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E-Filed on May 7, 2013

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:  
RICK J. ARNAUD,  
Debtor

Case No: BK-N-11-51998-btb  
Chapter 7

**DECLARATION OF DEBTOR IN  
SUPPORT OF MOTION FOR OR-  
DER CONVERTING CASE TO  
CHAPTER 11**

Hearing Date: Pending  
Hearing Time:  
Estimated time for hearing:

**RICK J. ARNAUD**, under pain and penalty of perjury, solemnly declares as follows:

1. That I am the Debtor in the above-entitled case.
  2. That I am now and for the past 3 years have been married to my long-time paramour, Lanette Arnaud. That we have 1 child together, which we adopted 2006, Kendall Arnaud, aged 7. That Kendall lives with us at our marital home, 610 Wedge Lane, Fernley, NV, 89408. I have two other children, both adult.
  3. That excepting the petition in this case, I have never filed for relief under the bankruptcy laws of the United States or any other country, except that I filed a chapter 7 bankruptcy in 1989 in Sacramento, Calif. I received a discharge in that case.

- 1           4. That I am 57 years old and have been a developer in Northern Nevada for the  
 2           past 15 years.
- 3           5. That at the time I filed the petition in this case, I had no significant income and  
 4           all of my development projects were under-water. That with debts in excess of  
 5           one million dollars, significant deficiency judgments related to real estate fore-  
 6           closures and very little income, I felt I had no choice but to file for chapter 7  
 7           relief.
- 8           6. That since filing, my business has improved and I believe that, given the chance,  
 9           I will be able to pay all my creditors in full or in an amount which they will  
 10          accept, if not in full.
- 11          7. That the reasons I believe my creditors can be paid if I am given the opportunity  
 12          to do so are:
- 13           (a) At the time the petition was filed, I owned a 50% interest in an LLC (Verti-  
 14           Crete of Northern Nevada) with Scott Maynes, a non-debtor. Both Scott and  
 15           I were managing members. At that time, Verti-Crete of Northern Nevada  
 16           owed the Northern Nevada license for Verti-Crete of Utah, a vertical pre-  
 17           cast concrete wall company. On the petition date (June 2011) the LLC had  
 18           no new contract work on the books and its business was essentially dead.  
 19           On the petition date, the LLC owed approximately \$150,000 to Verti-Crete  
 20           of Utah in unpaid license fees.
- 21           Shortly after the petition was filed, Scott Maynes abandoned the LLC, closed  
 22           its operating accounts (Cemex Concrete (Sparks Office), Titian Construc-  
 23           tion Supply, Sparks, and BLT Concrete, Hazen, NV) and bank accounts  
 24           (Nevada State Bank). Verti-Crete of Northern Nevada, LLC, then stopped  
 25           all business and has not conducted any business since early 2012. I now

1 sole owner of Verti-Crete Nevada, a sole proprietorship, and the bank ac-  
 2 counts are now under that name (Verti-Crete Nevada).

3 In approximately February of 2013, I arranged with Verti-Crete of Utah to  
 4 continue doing its Northern Nevada operations. Verti-Crete of Utah is will-  
 5 ing to continue working with me under Verti-Crete Nevada. I am now the  
 6 sole owner of the Northern Nevada Verti-Crete operation.

7 (b) Verti-Crete Nevada, in my opinion, will prosper under my management.

8 When Mr. Maynes was involved, Verti-Crete's business was solely directed  
 9 towards large residential development (e.g. subdivisions). It would, for ex-  
 10 ample, put up the required sound walls around large subdivisions [for Rye-  
 11 nen and Bardis, of Sparks, NV (main office in Sacramento), Centex Homes  
 12 (Sparks), Lennar Homes (Sparks), D.R. Horton (Sparks) and others]. Un-  
 13 der my management, Verti-Crete Nevada will keep up relationships with  
 14 those companies, but has also expanded to government sponsored low in-  
 15 come housing and commercial (non-residential) uses. The companies with  
 16 whom Verti-Crete has traditionally contracted are all, or almost all, now  
 17 showing increased activity due to the better economy.

18 (c) My wife's salon (Salon 95, Hwy 95, Fernley, NV) was operating at a loss on  
 19 the Petition Date (records showing this have been submitted to the Trustee)  
 20 but is now doing much better and is able to contribute payments towards  
 21 debt reduction.

22 (d) My Hart Lane 20 acres (on Hwy 50, near Hazen, NV) ("Ranch") is now  
 23 capable of turning a profit. On the Petition Date, my water rights (from  
 24 TCID) were truncated at 80% because of breach problems on the canal.  
 25 Since the Petition date, 100% water usage has been restored. This will allow  
 26 me to fully irrigate the 18 acres of alfalfa on that property. In addition, since  
 27 the Petition date, I have added a horse boarding facility to this property. I

1 spend some 4 hours a day, on average, working at the Ranch and tending  
 2 its needs, time which must be spent so that it can turn a profit. The Ranch  
 3 is now operating at a profit.  
 4

5 (e) The pizza parlor, MaDoughco, LLC, situate at Hwy 95a, Fernley, contin-  
 6 ues in business as Round Table Pizza. I own 50% of that LLC with Scott  
 7 Maynes, who owns the other 50%. It is one of Fernley's 3 pizza parlors.  
 8 About a month and a half ago, I installed new management and, though it  
 9 is too early to tell, numbers are slightly up (13%) from last year. MaDoughco  
 10 is making payments on back sales taxes and back franchise fees (totaling  
 11 about \$140,000), but this pizza parlor should be able to contribute to debt  
 12 payments in about 18 months, to wit, if the parlor continues at its current  
 13 schedule of payments, it should be free and clear of tax and franchise fee  
 14 debt in 18 months.

15 8. That my Schedules and Statement of Affairs as filed in this case (and as amended)  
 16 contain some mistakes, mistakes which I have partially corrected by filing amended  
 17 schedules and which I will continue to correct by filing additional amended  
 18 schedules. However, none of those mistakes were designed to hurt my credi-  
 19 tors. In fact, my Schedules generally overstate my assets and understate my  
 20 liabilities. There has been no attempt to conceal assets. I have supplied the  
 21 Trustee with all information requested. All my assets were listed on my initial  
 22 schedules, filed June 30, 2011 except:

23 (a) My boat, title to which had been transferred to Main Street Pawn, a Fernley  
 24 pawnshop, on or about June 11, 2011, six days before the Petition was filed,  
 25 in return for a \$9,000 "loan." It was legally a sale, with an informal un-  
 26 derstanding that I could repurchase it for \$9,000 plus interest and storage  
 27 if my situation improved. The boat had a FMV of approximately \$16,000.  
 28

1           However, I did not have time to sell it as I needed money on an emergency  
 2 basis to retain Mr. Kenneth Ward (I had borrowed \$3,000 plus filing fees  
 3 temporarily from a friend to pay Mr. Ward his bankruptcy retainer and re-  
 4imbursed my friend from the boat sale proceeds). I also used part of that  
 5 \$9,000 to keep my home from foreclosure by Bank of the West (I was behind  
 6 3 payments and paid 2 of them). At the Trustee's request, I listed the boat  
 7 on my first amended schedules, filed September 15, 2011, even though I  
 8 don't own it.

9           (b) An accounts receivable from Verti-Crete of Northern Nevada for work done  
 10 in Sunnyvale, California on the Lawrence Station project, completed in  
 11 November of 2009. I had basically written that off as I did not have the  
 12 money to bring on a collection suit. When Verti-Crete of Northern Nevada  
 13 received the money from Lawrence Station (about \$20,000, received in the  
 14 summer of 2011), it delivered \$10,000 to me and \$10,000 to Scott Maynes.  
 15 My wife and I used the \$10,000 we received to pay back bills (one payment  
 16 to Bank of the West on our home and two payments to Evergreen note ser-  
 17 vices on the Ranch, and, as well for property insurance and two years of  
 18 water fees (O and M fees) to TCID so I could irrigate the Ranch. I realize  
 19 that I here made two mistakes, one being not listing this receivable and the  
 20 other being spending the money once received rather than turning it over  
 21 to the Trustee. These mistakes were not intended to defraud the estate or  
 22 the trustee and, excepting basically the \$1000 payment to Bank of West on  
 23 my home, increased the value of assets owned by the estate.

24           For example since the Petition Date, I have paid over \$30,000 to Evergreen  
 25 Services to reduce the debt on the Ranch, even though the Ranch is property  
 26 of the estate. In addition, my LLC, Madoughco, has paid the Nevada De-  
 27 partment of Taxation, post-petition, over \$10,000, reducing its \$39,342.97  
 28

1 claim (filed amount) in this estate (Claim No. 1) by that amount.  
 2

3 In sum, I didn't list the \$10,000 as I didn't think it was a viable receiv-  
 4 able on the Petition Date and I didn't turn it over to the trustee when the  
 5 \$10,000 was received from Verti-Crete of Northern Nevada, LLC because  
 6 I simply didn't think about it. I realize I should have discussed this with  
 7 my attorney before spending it and recognize that I owe the \$10,000 to the  
 8 trustee, unless I am entitled to credit for my post-petition payment of es-  
 9 tate obligations. However, no effort to conceal any of this was made. Rather  
 10 all transactions concerning the \$10,000 were routinely submitted to the  
 11 Trustee by way of complying with trustee requests for information.  
 12

13 (c) My wife's leased salon (Salon 95, Hwy 95, Fernley, NV), discussed above.  
 14 It had no value on the Petition Date and I was not aware that I had to list  
 15 property in my wife's name. Nonetheless, I have fully communicated with  
 16 the Trustee concerning this property.

17 9. That the TCID allotment of water to the Ranch has recently been increased from  
 18 80% to 100%, to wit, restrictions based on canal repairs have been removed.  
 19 With a 100% water allotment the Ranch can be fully irrigated. However, in  
 20 order to obtain any water from TCID I must first pay it approximately \$3,000.  
 21 I should have started irrigating a week or two ago and the earlier I can start  
 22 the better the alfalfa production will be. I am however unwilling to spend the  
 23 \$3,000 unless this case is converted to Chapter 11 as that \$3,000 would be from  
 24 post-petition earnings. If I cannot keep the Ranch, I need to put that money to  
 25 other purposes.

26 10. That in approximately 2008 I acted as receiver for SJL Investments ("Minute  
 27 Loan"), an entity which owed my wife and her mother over \$60,000. The re-  
 28 ceivership was carried on 415 Hwy 95a, Suite 603, a building owned by Sierra

1 West Development, a now defunct LLC at the time owned by Scott Maynes and  
 2 me as managing partners. In that regard, I was to collect outstanding debt (re-  
 3 ceivables) being SJL's only asset. I opened an account with Nevada State Bank  
 4 for this purpose and deposited into that account all monies received, being less  
 5 than \$4,000. I recently received a letter regarding turning over SJL documents  
 6 to Donald Gieseke, the trustee in Case No. 09-54031-gwz (In re Lehrer). I was  
 7 unaware that I needed to turn over these records until approximately April 1,  
 8 2013. That these records are extensive and are in 8 cardboard bank boxes. I  
 9 have spoken to my former counsel, Ken Ward, and to Mr. Gieseke regard these  
 10 records and promptly, at their request, ordered bank statements at a cost to me  
 11 of some \$250.00, which bank statements were received and turned over to Mr.  
 12 Ward on or about April 16, 2013. Mr. Gieseke advised me to deliver the the SJL  
 13 boxes to 18124 Wedge Parkway, Suite 518, Reno, NV and I have attempted to do  
 14 so. However that is a Mailbox Etc. location and they refuse to accept so many  
 15 boxes. I have so advised Mr. Gieseke and am awaiting further instructions from  
 16 Mr. Gieseke.

17  
 18 11. That during my career as a developer I conducted my business in an upstanding  
 19 manner. Neither I nor any of the entities I have been involved with have ever  
 20 been sued for faulty workmanship. The suits listed in the Schedules are uncon-  
 21 tested payment disputes resulting from the economic depression suffered by all  
 22 developers in this part of Nevada beginning in approximately 2008.

23 Dated this 7th day of May, 2013



24  
 25 Rick J. Arnaud  
 26

1  
2  
3 CERTIFICATE OF SERVICE  
4  
5

6 I hereby certify under penalty and pain of perjury that I am an employee of White  
7 Law Chartered and that on the date shown below, I served a true and correct copy of  
8 the following documents: DECLARATION IN SUPPORT OF MOTION FOR ORDER  
9 CONVERTING CASE TO CHAPTER 11 in the following manner:

10  a. Via the Court's ECF System to:

11 MICHAEL LEHNERS michaellehnerts@yahoo.com

12 KENNETH V. WARD KenWardLaw@aol.com

13 U.S. Trustee -RN-11 USTPRegion17.RE.ECF@usdoj.gov

14 JOHN WHITE Bankruptcy@whitelawchartered.com,

15 john@whitelawcharterd.com

16  Via United States mail, postage prepaid, by enclosing a true and correct copy  
17 of the above document(s) in a sealed envelope and depositing the same on the date  
18 shown below, into the U.S. Post Office, Reno, NV to:

19 RICK J ARNAUD  
610 WEDGE LN  
FERNLEY, NV 89408

20 W. DONALD GIESEKE, Trustee,  
18124 WEDGE PKWY., STE 518  
RENO, NV 89511

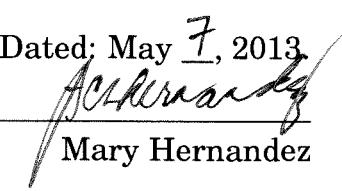
21 CRAIG B. MINGAY, ESQ.  
CHURCHILL COUNTY DEPUTY  
DISTRICT ATTORNEY  
165 N. Ada Street  
Fallon, NV 89406

22 ALLEN M DUTRA, Trustee,  
59 DAMONTE RANCH PKWY, STE  
B299  
RENO, NV 89521

23 U.S. TRUSTEE - RN - 7  
300 BOOTH STREET, STE 3009  
RENO, NV 89509

24  
25 and to all creditors on the attached mailing matrix at the addresses shown.

26 Dated: May 7, 2013

27  
28   
Mary Hernandez

Label Matrix for local noticing  
0978-3  
Case 11-51998-btb  
District of Nevada  
Reno  
Tue May 7 09:21:08 PDT 2013

76 CARD  
Acct No xxx xx9 758  
PO Box 6402  
Sioux Falls, SD 57117-6402

DESERT LAKES HOMEOWNERS ASSOCIATION  
C/O RED ROCK FINANCIAL SERVICES  
7251 AMIGO STREET #100  
LAS VEGAS, NV 89119-4375

United States Bankruptcy Court  
300 Booth Street  
Reno, NV 89509-1360

BRENT BEGLEY, ESQ.  
Acct No xxxxxxxxxon #20  
PO Box 6951  
Reno, NV 89513-6951

BUSINESS & PROFESSIONAL COLLECTION SVC  
Acct No xxxx0234  
PO Box 872  
Reno, NV 89504-0872

BUSINESS AND PROFESSIONAL  
COLLECTION SERVICE INC.  
816 SOUTH CENTER ST.  
RENO NEVADA 89501-2306

CBE GROUP  
Acct No xxxxxxxxxxxx0480  
PO Box 2635  
Waterloo, IA 50704-2635

CHEVRON / GE MONEYBANK  
Acct No xxxx xxxx xxxx 7632  
Attn: Bankruptcy Dept  
PO Box 103104  
Roswell, GA 30076-9104

COLLECTION SERVICE OF NEVADA  
Acct No xxxxxxxxxon #20  
777 Forest Street  
Reno, NV 89509-1711

DEPT. OF EMPLOYMENT, TRAINING & REHAB.  
Employment Security Division  
500 East Third Street  
Carson City, NV 89713-0002

Desert lakes Homeowners Association  
c/o Red Rock Financial Services  
4770 W Teco #140  
Las Vegas ne 89118

FBCS INC  
2200 Byberry Rd. #120  
Hatboro, PA 19040-3797

FERNLEY JUSTICE COURT  
Acct No xxxxxxxxxon #20  
565 East Main St.  
Fernley, NV 89408-9537

GC SERVICES LIMITED PARTNERSHIP  
Acct No xxxxxxxxxxxx0217  
Collection Agency Division  
PO Box 7820  
Baldwin Park, CA 91706-7820

GREAT BASIN CREDIT UNION  
9970 S. Virginia St.  
Reno, NV 89511

Great Basin Federal Credit Union  
9770 S. Virginia Street  
Reno NV 89511-5941

INTERNAL REVENUE SERVICE  
200 S. Virginia Street  
Suite 105, M/S 5201REN  
Reno, NV 89501-2400

INTERNAL REVENUE SERVICE  
ATTN: Bankruptcy Unit  
Stop 5028  
110 City Parkway  
Las Vegas, NV 89106-6095

MAIN STREET PAWN  
80 East Main St.  
Fernley, NV 89408-7653

NEVADA DEPARTMENT OF TAXATION  
BANKRUPTCY SECTION  
4600 KIETZKE LN STE L-235  
RENO, NV 89502-5045

NEVADA DEPARTMENT OF TAXATION  
Bankruptcy Section  
555 E. Washington Ave., #1300  
Las Vegas, NV 89101-1046

RENO ORTHOPEDICS  
555 North Arlington Ave.  
Reno, NV 89503-4724

SHELL  
Acct No xx xxx x843 8  
PO Box 6406  
Sioux Falls, SD 57117-6406

U.S. TRUSTEE - RN - 7  
300 BOOTH STREET, STE 3009  
RENO, NV 89509-1362

UNITED RECOVERY SYSTEMS, LP  
Acct No xx xxx x843 8  
PO Box 722929  
Houston, TX 77272-2929

(c)UNITED STATES TRUSTEE  
300 BOOTH ST STE 3009  
RENO NV 89509-1360

ALLEN M DUTRA  
59 DAMONTE RANCH PKWY, STE B299  
RENO, NV 89521-1907

KENNETH V. WARD  
LAW OFFICES OF KENNETH V. WARD  
15 WEST MAIN STREET  
DAYTON, NV 89403-6733

RICK J ARNAUD  
610 WEDGE LN  
FERNLEY, NV 89408-6668

W. DONALD GIESEKE  
18124 WEDGE PKWY., STE 518  
RENO, NV 89511-8134

Addresses marked (c) above for the following entity/entities were corrected  
as required by the USPS Locatable Address Conversion System (LACS).

UNITED STATES TRUSTEE  
300 Booth Street #2129  
Reno, NV 89509

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u) GREAT BASIN FEDERAL CREDIT UNION	(u) DARREL PAGE	End of Label Matrix
	RE/MAX Realty	Mailable recipients 30
		Bypassed recipients 2
		Total 32